



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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October 20, 1997

Neal Mortensen
Western Clay Company
P.O. Box 127
Aurora, Utah 84620

Re: Review of 9/15/97 Amendment, Western Clay Company, Hebe Gypsum Mine (Lone Tree Wedge Mine UTU-73779) Mine, M/015/072, Emery County, Utah

Dear Mr. Mortensen:

The Division has completed a review of your amended Notice of Intention to Commence Large Mining Operations for the Hebe Gypsum Mine, located in Emery County, Utah. On September 19, 1997 we received a copy of the amended plan which was submitted to the BLM. Correspondence from the BLM indicated they are waiting for the Division's assessment of the reclamation cost estimate before proceeding with their review.

On July 1, 1997 the Division issued tentative approval for the mining and reclamation plan which had been submitted and reviewed prior to that date. Since that date, Western Clay has modified the plan by reducing the area to be mined. This reduction is reflected in the annual production, mine life and reclamation cost estimate for the amended plan. The amendment does not modify the reclamation treatments previously proposed for the affected areas.

After reviewing the amended plan information, the Division has a number of comments for clarification purposes. The comments are listed below under the applicable Minerals Rule heading. If these comments are incorrect please provide us with the correct information.

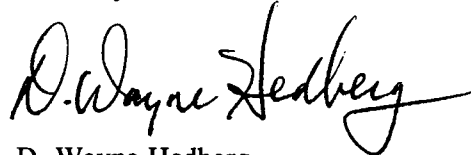
To proceed with final approval, Western Clay will need to provide the Division with a completed Reclamation Contract (form MR-RC) and a reclamation surety in the amount of \$76,700. The surety will need to jointly list the Division and BLM. Western Clay currently has an interim reclamation surety of \$15,000 posted with the Division in the form of a Letter of Credit with Utah Independent Bank. To satisfy the Division's surety requirement Western Clay may increase the amount of the interim surety to \$76,700 and add the BLM onto the Letter of Credit by issuing a rider. Western Clay may also elect to post an entirely new or different form of surety. If Western Clay wishes to post a new form of surety please contact our office so we can provide you with the correct Division forms. A copy of our Reclamation Contract form is enclosed for your use.

Page 2
Neal Mortensen
M/015/072
October 20, 1997

In order to present the proposed form and amount of surety at the next scheduled Board of Oil, Gas and Mining Hearing, we would need the completed and signed reclamation contract and reclamation surety by November 14, 1997. The effective date of the new surety amount could be listed as the date of the Board Hearing. The next Board Hearing is scheduled for December 10, 1997.

Thank you for your cooperation in completing this permitting action. If you have any questions regarding this letter please contact me at (801) 538-5286 or Tony Gallegos at (801) 538-5267.

Sincerely,

A handwritten signature in black ink, reading "D. Wayne Hedberg". The signature is fluid and cursive, with the first name "D." and last name "Hedberg" clearly legible.

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
Attachment: Review Comments
Enclosure: MR-RC form and guidelines
cc: Neil Simmons, BLM
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REVIEW OF NOTICE OF INTENTION TO COMMENCE LARGE MINING OPERATIONS

Western Clay Company
Hebe Gypsum Mine

M/015/072

R647-4-106 - Operation Plan

106.3 Estimated acreages disturbed, reclaimed, annually.

The amendment has made the following changes in areas to be mined:

AREA NAME	AMENDED ACREAGE	OLD ACREAGE
AREA A	2.62	1.64
AREA B	2.22	2.22
AREA C-1	2.82	3.73
AREA C-2	5.79	37.44
ROAD	0.75	0
AREA D	0.69	3.50
AREA E	10.86	32.97
AREA MINED	25.75	81.5
ACCESS ROAD	7.17	7.17
TOTAL	32.92	88.67

The Operations Development Schedule on page one of the Western Clay letter of 9/15/97 appears to have an error in the total acreage. On October 2, 1997 I discussed this error over the phone with Brad of Western Clay. He explained there was an omission of a road from Area C-2 to Area D which accounted for 0.75 acres. The acreage for this road is shown in the table above. (AAG)

106.4 Nature of materials mined, waste and estimated tonnages

The amended plan has reduced the annual tonnage of gypsum to be produced. This reduction has also reduced the amount of overburden, seed bed soils, and cryptogam to be handled. The mine life has also been reduced from 10 years to 5 years. (AAG)

R647-4-113 - Surety

This amendment included a reclamation cost estimate for the reduced mining areas. Several quantities have been reduced in this estimate, however, this estimate used the unit costs in the Division's 6/27/97

Page 2
Amendment Review
M/015/072
October 20, 1997

reclamation cost estimate. On October 2, 1997, Brad of Western Clay explained the rationale for the reduced quantities over the phone. The overburden volume of 49,158 cubic yards was arrived at by reducing the volume of 132,454 cubic yards by the percentage of disturbed area now proposed (i.e. $32.92 \text{ acres} / 88.7 \text{ acres} = 37\%$; $37\% \text{ of } 132,454 = 49,158$). The quantities of cacti plantings, area of broadcast seeding, and area of drill seeding in this amended plan were all arrived at by taking 37% of these same line item quantities in the Division's 6/27/97 estimate. The proposed reclamation surety amount of \$76,703 in year 2002 dollars is acceptable to the Division. (AAG)

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